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CHINA. SHANGHAI.

By Consul General Thomas Sammons, January 27.

The trade of Shanghai during the year 1916 was fairly good, despite political disturbances, freight congestion, and high freight rates due to the European war and tightness of the money market caused by the inability of certain native banks to meet their note issues and other financial obligations.

The Bank of Territorial Development, an institution financed by local Chinese about two years ago, suspended payment of its note issues early in May and has not since resumed payment. Shortly afterwards the authorities at Peking declared a moratorium on the note issues of the Bank of Communications and the Bank of China. The former bank, a Government institution, was compelled to close its doors, and its notes are still not negotiable. The Bank of China, a semi-Government institution, refused to obey the mandate from Peking and, with the assistance of the local foreign banks, was able to continue business and to meet all the demands on its local notes.

In July a run was started on the Hongkong and Shanghai Bank, but it was checked the same day. A new Japanese banking and industrial concern, the Sumitomo Bank, opened its doors to business during the latter part of the year.

Successful Year for Chinese Traders.

Chinese dealers had a successful year in the piece-goods business, the high price of silver contributing to the success of the trade. Merchants in the iron and steel trade also had a good year, but dye and paper dealers report a dull year. British dyes have been put on the market, but up to the present with very little success.

Shortage of tonnage, high freight rates, and, of the most importance, the high price of silver have contributed to reduce the volume of exports; yet exporters in general report a fairly prosperous year, as they were able to obtain in many instances any advance in price demanded.

Piece-Goods Trade of Shanghai.

The piece-goods trade being the chief trade of this district, the following résumé may be of particular interest:

The total number of pieces of cloth imported during 1916 was 8,959,233, against 10,114,176 in 1915, 13,980,330 in 1914, and 15,760,000 in 1913. The year commenced with a stock of 4,975,480 pieces and ended with 2,668,368 pieces. The deliveries were 11,562,406 pieces in 1916, against 13,079,413 in 1915, 13,171,554 in 1914, and 14,643,571 in

1913. Of the stock that remained at the end of the year, 2,138,914 pieces were British, 119,707 American, and 409,747 Japanese.

The British cloth most largely imported was the white shirting, grey shirting following. British dyed goods maintained their sales, but jeans fell off about 50 per cent, Japanese goods having replaced them. Japanese flannels are also cutting into those of European and American manufacture. The deliveries of American flannel declined from 218,737 pieces in 1915 to 48,376 in 1916. Woolen goods show a considerable falling off and also American cottons. Several lots of the latter were shipped back to the United States at prices higher than could be obtained here.

The quantity of piece goods disposed of by public auction constituted about 35 per cent of the imports and totaled 3,128,834 pieces against 4,033,798 in 1915 and 3,982,608 in 1914.

Operations of the Cotton Mills.

While the Japanese cotton mills operating in this district were successful during the year, the other mills did not enjoy the same measure of success as in the preceding year. This is partly accounted for by the high price of silver, which enabled spinners in Japan and India to import, in competition with local manufacturers. Stringency of the money market was another cause and the advance in the cost of local mill supplies also contributed to decreased profits. In spite of the activities of the Anti-Adulteration Association, the adulteration of cotton by water is said to have been extensively practiced.

The Ewo mill, which paid a dividend of 32 per cent in 1915, was obliged to draw upon its "Equalization of Dividends" fund to pay a dividend of only 18 per cent in 1916; while the International mill, which paid a dividend to its stockholders in 1915, was not able to pay any in 1916 to its ordinary stockholders.

The prospects for the future are considered brighter. Stocks in the interior are known to be low and it is anticipated that with fair supplies of cotton at reasonable rates, a better showing will be made this year by Shanghai mills.

Flour Mills Fail.

The China Flour Mill, a British corporation, the stock of which is largely owned by foreign residents in Shanghai, after many years of unsuccessful operation, has finally been handed over to the Mitsui Bussan Kaisha, the mortgagees, who have agreed to take over the whole of the assets and liabilities. The stockholders in this undertaking will receive nothing under the arrangement with the mortgagees. This mill, the only flour mill in Shanghai owned by foreigners, was unable to meet the competition of native-owned mills.

A Chinese flour mill, the Yuan Feong mill, which was reported to have been fairly successful in past years, has also failed and closed down, due to its inability to meet its overdraft of approximately \$56,000.

New Chinese Department Store and Hotel—New American Business Houses.

A company financed by Hongkong Chinese (The Sincere Co.) has been formed with a capital of approximately \$825,000, to open a department store and hotel in Shanghai. The buildings have been in course of construction during the past year and are expected to be

completed during 1917. It is reported that their cost will be about \$165,000. They are being constructed of reinforced concrete on Nanking Road, Shanghai's principal business street, and will occupy an entire block. The store will have four stories and the hotel five. The store will cater to the needs of both the foreign and native population and will deal chiefly in the cheaper class of goods. The entire management is to be in the hands of natives.

During the year many new American business houses were opened at Shanghai, and, as a rule, are meeting with satisfactory returns in the import or export trade, or in both. However, where 1 firm has actually opened up business fully 10 have made preliminary investigations and either intend to establish themselves later or have decided that the probability of success was not sufficiently strong to warrant locating here.

Completion of Railway Junction Line—River Service—Building Activities.

A railway junction line about 10 miles long has been completed, connecting the Shanghai-Nanking Railway with the Shanghai-Hangchow-Ningpo Railway, the two railways having terminals in north and south Shanghai, respectively, and forming with them a loop around Shanghai. This short line will be a convenience to the public and of considerable commercial and strategic importance.

The river steamer *Chu Chuan* has been built by the Sing Fah Yung Co. (Ltd.) to the order of the Szechuen Railway and Steam Navigation Co., for use on the upper Yangtze to negotiate the difficult passage through the gorges between Ichang and Chungking. With the exception of the construction of the water-tube boilers and draft fan the entire steamer was built by natives. It has accommodations for 40 first-class passengers, 120 second class, and 280 third class.

Building activities have continued both in Shanghai and its suburbs. Nanking Road, Shanghai's principal business street, is being practically rebuilt. A feature of the new buildings is that they are being constructed chiefly of reinforced concrete. Chinese and Japanese and other foreign residents are acquiring estates for residential purposes. Industrial schemes are much in evidence on the river front.

Investments in Rubber—Proposed Abolition of Likin Tax.

Shanghai's investments in the rubber industry in Malaya are considerable and during the past year have brought in fair returns. However, the value of these investments depreciated during the latter part of 1916 because of the high price of silver and the shortage of ready money.

The question of the abolition of the likin tax was taken up by the United Association of Chambers of Commerce (Chinese) at its annual session at Peking. In order to make good the deficiency in revenue that would result from the adoption of this step, the association recommends the imposition of an effective 5 per cent ad valorem duty on imports in general and of a still higher duty on articles of luxury and certain other commodities, the association guaranteeing to make good any remaining shortage.

Exchange Speculations in Gold—Return of Pacific Mail Line.

Trade in China has usually been best under normal conditions of exchange or when silver is comparatively low. In such case, it takes

more Chinese silver to buy foreign goods, but the Chinese producer is able to sell more of his products and consequently has more silver with which to buy foreign goods at even the higher rate. The normal value of a gold dollar is about 2.20 Mexican dollars. In December, 1916, it was worth in China only 1.67 Mexican dollars.

The year 1916 will be remembered by residents of Shanghai as one of wide difference between the highest and the lowest exchange rates of gold and silver. Starting at \$0.60 to one Shanghai tael, the year closed with the rate near the maximum point reached, about \$0.84 to the tael. Speculators in Chinese gold bars and telegraphic transfers were much in evidence throughout the year, and this use of the exchange market has interfered with the legitimate requirements of the ordinary trader.

The return to Shanghai of the Pacific Mail steamers was greatly appreciated, especially by the American business community. This helped materially to ease the Pacific freight situation, although shipping in general continues to be much congested, with little prospect of relief during the continuance of the European war.

The cost of living in this district remains a difficult problem, practically all the necessities of life having advanced in price, based on silver, while the purchasing value of gold has steadily decreased.

Declared Exports from Shanghai to United States.

The declared exports from Shanghai to the United States have more than doubled in two years and in 1916 aggregate \$38,664,515 (including returned American goods valued at \$243,027), although the exports of dyestuffs and gold bars showed a decrease of \$8,000,000 as compared with 1915. As the dyes and gold did not represent ordinary products of China and as the increase in declared exports in 1916 amounted to upwards of \$5,000,000, the actual increase, including the overcoming of the loss on dyes and gold bars, represented about \$13,000,000 in the increased sale of articles produced in China.

The Shanghai declared exports represent approximately 50 per cent of China's total declared exports to the United States, and it is evident that from this time forward there will be further substantial increases in the sale of Chinese products in America as well as in the marketing of American-made goods in China. Raw silk leads all other articles sold by China through the port of Shanghai, the declared exports to the United States advancing from \$7,000,000 in 1914 to \$15,000,000 in 1916. American buyers are studying conditions carefully with a view to trade extension in this and other suitable lines.

American Purchases of Porcelain, Eggs, and Feathers.

Exports to the United States of antique porcelains, which were valued at only \$19,286 in 1914, advanced in 1915 to \$68,380 and in 1916 to \$357,985. Cotton, which decreased in 1915, increased by 1,341,911 pounds in 1916, the value of the increase being \$265,579; cotton waste increased by \$104,639. The high price of cotton in America during the year would account for the increased figures.

The American purchases of egg yolk advanced by \$377,986, albumen by \$374,131, and dried eggs by \$47,096. These increases were chiefly due to the activities of an American egg-preserving plant established here about a year ago.

The shipments of feathers advanced by \$270,894; the clearing off of considerable quantities of old stock during the year would account for the increase. Vegetable fibers increased by \$65,958. Walnuts, which decreased in 1915, increased by \$90,758. Dog mats rose from \$80,210 in 1915 to \$175,703 in 1916.

Heavy Increase in Shipments of Goatskins and Human Hair Nets.

The exports of goatskins to the United States increased by \$2,005,-569. There was an extraordinary demand for these skins during the year, especially near its close. Sheep and lamb skins advanced by \$125,262. Vegetable tallow, of which a small lot, valued at \$8,498, was shipped in 1915, rose to \$102,012 in 1916. Human hair nets, of which heretofore very little had been exported from Shanghai to the United States reached \$89,286 in value in 1916 against \$3,594 in 1915, and exports will probably continue to increase, as constant inquiries are being received from the United States. Straw, rush, and wood-shaving hats show an advance of \$264,592.

The shipments of buffalo and cow hides to the United States advanced considerably during the year, being, respectively, \$434,304 and \$730,434 over the previous year. There was a keen demand for hides throughout the year and prices were high, Japanese buyers being very prominent.

Exports of sausage casings advanced from \$44,945 in 1915 to \$181,594, a very substantial figure for this line, which is a comparatively new export industry.

Cottonseed and Peanut Oil—Silk Goods—Wool.

American purchases of cottonseed oil increased by \$249,725, due to the high price of the article in the United States. Peanut oil, which showed a value of only \$491 in 1914 and \$13,441 in 1915, advanced to \$111,401 in 1916.

Silk and silk goods continue on the upward trend. The exports of pongees rose from \$333,449 in 1915 to \$695,647 in 1916. Continuous demand from America accounts for this increase, several inquiries having been received at this consulate general and passed on to exporters. The shipments of raw silk to the United States advanced from \$7,000,000 in 1914 to \$10,000,000 in 1915 and \$15,000,000 in 1916; quantities, however, remained about the same, the rise in value being accounted for by high prices and the increased value of silver during the year. Waste silk advanced by \$892,062 and wild silk by \$371,881.

Sheep's wool decreased in quantity, but advanced in value, the increase being \$167,134. Strong demand was experienced throughout the year and high prices were obtained, the low price of gold contributing also to the increased value.

Tea exports increased by nearly \$198,000, due to the higher rate of silver, but decreased in quantity by about 1,430,000 pounds.

Decreased American Purchases of Dyes and Gold Bars.

There are only two items of export to the United States that show large decreases. Aniline dyes and indigo paste decreased by over 3,000,000 pounds, valued at over \$3,000,000. The dye trade was very speculative during the year, following on the previous year's enormous profits, and the natives had invested considerable amounts in

dyes, paying high prices, expecting a continued demand from Europe and the United States, which, however, did not materialize.

Gold-bar shipments decreased by \$5,520,762. Antimony decreased by \$160,640, bristles by \$32,009, peanuts by \$33,333, and silk cocoons by \$41,763.

Quantity and Value of Exports to United States.

The following table gives the principal articles, with their quantity (in certain cases) and value, invoiced at the consulate general at Shanghai for the United States during the past two years:

Articles.	1915		1916	
	Quantity.	Value.	Quantity.	Value.
Antimony:				
Crude.....pounds..	1,268,000	\$146,220	1,869,456	\$302,290
Regulus.....do....	3,376,000	773,737	1,883,400	437,027
Art, works of:				
Jade and other stone ornaments.....		1,000		18,496
Pictures and paintings.....		6,905		13,967
Porcelain, antique.....		68,380		357,985
Bristles.....pounds..	354,549	199,870	287,316	167,861
Chemicals, drugs, dyes, and medicines:				
Albumen.....pounds..	1,514,645	629,083	1,886,377	1,003,214
Aniline dyes.....do....	1,301,312	1,865,723	201,771	540,227
Camphor.....do....	22,420	6,419	67,792	25,698
Cantharides.....do....	5,247	3,288	10,964	9,203
Gallnuts.....do....	342,627	36,322	722,398	103,125
Indigo paste.....do....	2,441,821	2,482,129	406,466	546,471
Licorice root.....do....	1,050,409	50,512	1,054,237	63,020
Musk.....ounces..	9,006	76,674	7,892	79,711
Rhubarb.....pounds..	125,095	14,734	121,296	18,956
Soda, benzoate of.....do....	4,703	7,607	15,941	68,069
Turmeric.....do....	131,666	3,914	1,156,386	56,080
China ware.....		23,772		46,320
Cotton, and manufactures of:				
Raw.....pounds..	1,249,137	106,802	2,591,048	372,381
Waste.....do....	93,481	5,481	1,745,077	110,120
Waste yarn.....do....			66,888	8,138
Laces, embroideries, etc.....		6,471		67,032
Eggs:				
Fresh.....dozen..	520,590	81,102	467,650	83,372
Salted.....do....	26,500	8,471		
Dried.....pounds..			291,944	47,096
Frozen.....do....			300,000	36,334
Yolks.....do....	500,280	129,977	2,785,415	507,963
Feathers and downs.....do....	1,022,531	154,597	1,861,449	425,491
Fibers:				
China grass.....tons..	163	30,846	70	14,961
Vegetable.....do....	112	19,182	460	85,140
Furs:				
Dressed—Dog mats.....		80,210		175,703
Undressed—				
Cat.....		9,772		32,673
Deer and doe.....		113,771		154,545
Goat.....		1,140,100		3,145,669
Leopard.....		10,709		18,316
Marmot.....				17,908
Rabbit.....		2,735		26,515
Raccoon.....				15,793
Sheep and lamb.....		116,170		241,432
Weasel.....		7,033		32,055
Gold, Chinese bars.....		5,631,881		111,122
Hair, human:				
Cleaned.....pounds..	48,956	10,264	53,977	20,207
Combings.....do....	19,536	2,318	66,408	10,782
Nets.....		3,594		89,286
Hats, rush, straw, and wood shaving.....		36,305		300,897
Hides:				
Buffalo—				
Salted.....(pieces..	6,800	68,320	10,732	93,141
.....(pounds..	618,514		627,704	
Dry.....(pieces..	22,612	113,401	82,720	522,887
.....(pounds..	111,588		2,396,212	
Cow—				
Salted.....(pieces..	31,218	228,799	63,684	432,110
.....(pounds..	1,397,404		2,038,203	
Dry.....(pieces..	217,617	889,449	386,140	1,416,572
.....(pounds..	3,204,618		4,255,710	

Articles.	1915		1916	
	Quantity.	Value.	Quantity.	Value.
Hog casings.....		\$14,945		\$181,591
Household and personal effects.....		23,210		26,881
Iron, pig..... tons.	7,580	109,105	8,658	152,472
Nuts:				
Peanuts—				
Shelled..... pounds.	1,167,431	37,612	391,975	18,014
Unshelled..... do.	881,529	56,045	509,539	22,340
Walnuts—				
Shelled..... do.	125,977	10,619	813,182	67,725
Unshelled..... do.	287,812	10,926	572,540	44,578
Oils, vegetable:				
Bean..... pounds.	290,880	15,233	319,018	27,977
Castor..... do.				268,125
Cottonseed..... do.	9,151,100	439,938	10,831,673	680,663
Peanut..... gallons.	25,093	13,411	183,522	111,401
Rapeseed..... do.	12,988	4,938	101,995	16,645
Wood..... do.	83,653	39,919	26,893	18,421
Silk and manufactures of:				
Raw..... pounds.	3,742,281	10,199,255	3,268,356	15,295,861
Waste..... do.	819,449	341,287	2,479,523	1,233,319
Wild..... do.	1,731,253	1,521,051	1,026,813	1,895,932
Cocoons..... do.	108,878	68,826	33,972	27,163
Embroideries, apparel, etc.....		6,622		31,679
Piece goods.....		3,396		9,167
Pongees.....		333,419		695,647
Silver, Mexican dollars.....		167,010		562,291
Stones, semiprecious, manufactures of:				
Agate, jade, amber, crystals, Leads, vases, bowls, snuff bottles, etc.....		1,234		14,933
Pearls.....				22,931
Soapstone ornaments.....		6,991		18,393
Straw braids.....		321,166		505,254
Tallow, vegetable..... pounds.	112,000	8,498	1,380,063	107,012
Tea..... do.	14,037,185	2,198,368	12,697,938	2,396,342
Tea sweepings..... do.			300,000	38,422
Tobacco, leaf..... do.	1,556	175	808,598	127,595
Vegetables:				
Garlic..... do.	847,677	31,621	81,860	2,440
Peas..... bushels.	32,129	24,198	40,108	56,414
Wool:				
Goat..... pounds.	168,123	12,185	300,078	18,454
Sheep..... do.	8,966,291	1,639,392	7,724,031	1,896,526
Wool carpets..... square feet.		4,764	47,341	29,790
Zinc ore..... tons.	1,241	27,474	101	7,725
All other articles.....		390,888		605,570
Total.....		33,495,497		38,664,715

Declared Exports to American Insular Possessions.

The total value of the exports invoiced for the Philippine Islands was \$203,848 against \$167,554 for 1915. The total for 1916 include \$650 worth of returned goods.

The total exports to Hawaii were valued at \$10,358 against \$13,895 for 1915.

The following were the items invoiced to the Philippines and Hawaii:

Articles.	1915.		1916	
	Quantity.	Value.	Quantity.	Value.
TO PHILIPPINE ISLANDS.				
Candles.....		\$8,562		\$6,165
Cotton, and manufactures of:				
Nankeens..... pounds.	16,645	3,005	21,833	4,813
Yarn..... do.			20,000	3,352
All other.....		782		2,747
Coal..... tons.	500	2,463	1,019	6,283
Flour, Chinese..... barrels.			1,337	8,602
Household and personal effects.....		427		3,971
Iron and steel, and manufactures of.....		6,656		18,057

Articles.	1915		1916	
	Quantity.	Value.	Quantity.	Value.
TO PHILIPPINE ISLANDS—continued.				
Meat and dairy products:				
Hams.....pounds..	580,360	\$74,805	417,649	\$70,698
Canned meats.....		23,429		2,320
Lard.....pounds..			49,099	4,620
Milk, sterilized.....do..			37,677	2,716
Peanut oil.....do..			130,482	7,013
Silk, and manufactures of:				
Raw.....do....	9,257	17,925	12,649	36,130
Piece goods.....		4,931		6,912
All other.....		1,155		1,757
Soap, toilet.....pounds..	33,792	1,594		1,218
Spices, pepper.....do..			10,009	1,779
Straw braids.....		5,704		5,300
Tea.....pounds..			3,040	1,257
All other articles.....		16,116		8,140
Total.....		167,554		203,848
TO HAWAIIAN ISLANDS.				
Earthenware, porcelain.....		599		2,721
Iron, pig.....tons..	550	10,312	150	5,229
Tea.....pounds..	253	82	7,600	1,163
All other articles.....		2,902		1,245
Total.....		13,895		10,358

HONGKONG.

By Consul General George E. Anderson, January 18.

The most notable feature of the import and export trade of Hongkong for 1916 was the large increase in both the imports from and exports to the United States. In spite of depressed business conditions in South China, due to political conditions, during about five months of the year, which not only discouraged buying and restricted credits but prevented deliveries of actual sales, and in spite of high prices in the United States for the staple goods China usually imports from the United States, there was, on the whole, an increase in the imports from the United States. Again, in the export line, notwithstanding the high silver exchange, which acts as a damper on all the export trade, the exports of Chinese products to the United States constitute a record.

Changes in Trade.

The high exchange value of silver was a constant stimulus to the import trade, but by reason of the political troubles in the Hongkong field and because of high freights and depressed conditions otherwise, the volume of imports in practically all lines of goods into the field was below normal. However, by reason of the fact that most lines of goods could be obtained in Europe only with difficulty, if at all, the demand upon the United States for all kinds of manufactured goods increased from month to month, until at the end of the year the United States was furnishing the entire supply of some lines of goods which before the war in Europe were not supplied by the United States at all. While the imports of American goods have increased largely by reason of this special demand growing out of the war, the war also has interfered with American products which normally come to the Orient.

The trade of the past two years therefore is essentially different from that of previous years and is especially important in that in

general it represents a marked increase in imports of more highly manufactured goods, while showing a decrease in products that are nearer the raw-material stage. On the other hand, exports from China have consisted more largely of foods and raw materials. It is a question how permanent this change in either direction is to be. Unquestionably the resumption of normal conditions after the war in Europe will cut off a considerable share of the trade the United States now has, while the demand for Chinese raw materials in Europe will change conditions very materially in the export line. However, American goods will certainly be in a far better position in the Far East after the war than they were before the war and many lines of trade are unquestionably permanent.

The Import Trade—Flour and Kerosene.

Figures as to the import trade of Hongkong come from commercial sources only and are not always reliable, but in a general way the principal items of import are watched closely enough to secure an accurate idea of the trend of things. During the past year the great staples of American exports to this field—flour and kerosene—fell far below normal. The imports of flour into Hongkong from the United States decreased from 3,762,553 bags in 1914 and as high as 5,694,554 bags in 1912 to 975,771 bags in 1916. [Reports on the Hongkong flour trade were published in COMMERCE REPORTS for Jan. 20 and Feb. 24, 1917.] Imports of kerosene fell off about 40 per cent as a result of the disturbances in Kwangtung and Kwangsi Provinces and the abnormally high freight rates. The price of kerosene advanced but slightly in spite of the great increase in the cost of transportation, but even that fact and high exchange could not overcome the difficulty of delivering oil in certain regions owing to political disturbances. These and other conditions prevented the importation of the usual volume of machinery of various sorts. A few new enterprises have been undertaken, and what new business there is has been largely American.

American Hardware, Glass, Clothing, Etc.

There was a large increase in the imports of metals from the United States, and the trade in this line alone more than offset the loss in flour and kerosene imports. American hardware has been coming to the port in increasing volume, and the year closed with Hongkong dealers making urgent inquiry of American manufacturers of lines of hardware never before imported from the United States. There was especially good trade in cutlery, bolts, hinges, razors, enameled ware, and all hardware sundries. Imports of American paints increased fully 50 per cent.

American window and plate glass have come to dominate the market for the time being. The amount of American lumber imported was considerably below normal, and this will remain the case until freight rates are readjusted.

There was a falling off in the imports of American knitting yarns as a result of the increased sale in this field of Japanese fine-count yarns for the use of the knitting factories here.

Imports of American ready-made clothing, such as underwear, children's clothing, corsets, etc., and American haberdashery increased largely, and American goods in many of these lines dominate the market.

There was some increase in imports of American cotton piece goods during the year, but on the whole they have passed in price beyond the point where the Chinese can buy for ordinary consumption.

Gains in Imports of American Tobacco, Chemicals, Prepared Foods, Etc.

Imports of American leaf tobacco increased from about 4,800 tierces and hogsheads, valued at about \$1,200,000, in 1915, to about 5,400 tierces and hogsheads, valued at about \$1,350,000, in 1916, and the trade is still increasing.

Imports of American ginseng again reached a fairly satisfactory volume, although the trade is not up to the standard of previous years, and prices realized were only fair.

In the drug and chemical trade American goods have been introduced in some lines, which will mean a permanent trade independent of all war conditions, for the Hongkong importers have found that in many of the standard products American prices and qualities are far more attractive than European prices and commodities even before the war. In the line of chemicals and drugs there is every reason to expect a marked change in the course of trade from now on and independently of war conditions.

Imports of American prepared foods of all sorts, including canned fruits, crackers, cakes and biscuits, meats, cheese, conserves of all sorts, and all similar goods have greatly increased. Imports of American condensed milk, a great trade in China and one of increasing importance, show a considerable gain.

Of the great mass of miscellaneous imports, novelties, and sundries, and such imports as leather goods, woollens, blankets, rugs, carpets, toilet articles and toilet supplies, paper, stationery, etc., Japan has secured much of the cheaper trade formerly held by Germany, but the United States is furnishing most of the better class of goods in all such lines. In a general way Japan has maintained its lead secured in this general trade, but American exports of such goods have more than held their own, and the trade is largely American, and much of it is on a permanent basis.

Exports to the United States.

The total value of the exports to the United States invoiced at the Hongkong consulate general during 1916 was \$8,785,735, as compared with \$5,590,442 in 1915 and \$4,474,933 in 1914.

The declared exports to the United States for the past two years follow:

Articles.	1915	1916	Articles.	1915	1916
Antimony.....	\$49,301	\$104,980	Oil:		
Antiquities.....	15,279	8,062	Peanut.....	\$90,980	\$91,035
Breadstuffs: Rice.....	2,107,959	3,346,311	Aniseed.....	177,157	108,271
Bristles.....	27,641	42,687	Cassia.....	48,792	113,732
Chemicals.....	107,215	166,788	Paper and manufactures of..	48,037	56,620
Cotton and manufactures of.	9,055	17,359	Seeds.....	14,426	12,829
Earthen and china ware.....	45,295	61,332	Silk and manufactures of....	65,025	129,424
Edible substances.....	19,356	40,231	Spices: Cassia.....	172,414	453,965
Explosives: Fireworks.....	20,006	46,321	Spirits, wine.....	100,597	140,031
Fish.....	147,862	197,348	Sugar.....	28,697	47,298
Fruits and nuts.....	187,922	310,594	Tea.....	135,087	117,073
Ginger, preserved.....	43,509	51,105	Tin.....	983,884	1,261,737
Hair and manufactures of....	31,345	80,141	Tobacco.....	35,573	110,994
Hides.....		64,612	Vegetables.....	191,699	326,146
Leathers.....	33,796	54,872	Wood:		
Meat and dairy products.....	88,841	73,324	Unmanufactured.....	154,036	311,392
Moss and seagrass: Seagrass			Manufactured.....	163,140	167,631
furniture.....	54,858	57,897	All other articles.....	191,655	613,293
			Total.....	5,590,442	8,785,735

This increase, constituting a record in the trade between the two countries, represents general improvement both in the volume of trade and in value in nearly all the principal items of Hongkong-American trade. The chief increase is in shipments of rice. The increase in shipments of tin is also considerable and would have been greater had not silver exchange taken so high a turn and shut off competition between the China and the Straits Settlements tin. Shipments of antimony increased in line with the strong demand for all such materials in the United States. Shipments of cassia constitute a record. Increased shipments of unmanufactured wood represent a greater trade in rattan. Hides have become an important item of Hongkong exports to the United States, the actual volume appearing more material in the current year's trade. The human-hair trade has revived somewhat, but is of small importance compared with the trade of five years ago.

The increase in miscellaneous items includes practically all kinds of Chinese goods such as fans, pens, straw and grass manufactures, tassels, Chinese foods, feather work and feathers, glass and glassware, inks, ivory, mats and matting, and, in short, nearly every miscellaneous item in the colony's exports.

Exports to the Philippines.

Rice is the principal export to the Philippines and represented a value of \$2,308,545 of the total exports from Hongkong to the islands in 1916, amounting to \$4,771,084. The principal items of the declared exports were as follows:

Articles.	1915	1916	Articles.	1915	1916
Animals: Cattle.....	\$21,595	\$66,287	Oil: Peanut.....	\$45,636	\$63,197
Breadstuffs: Rice.....	3,029,139	2,303,545	SILK:		
Cement.....	73,412	55,676	Unmanufactured.....	120,238	241,046
Chemicals.....	43,741	44,131	Manufactured.....	77,901	50,241
Cotton and manufactures of.....	202,356	295,016	Straw and manufactures of.....	12,207	10,229
Earthen and china ware.....	35,318	36,845	Sugar.....	20,531	19,562
Eggs.....	292,653	332,520	Tea.....	11,880	14,764
Fish.....	55,023	79,253	Tobacco.....	8,753	8,419
Fruits and nuts.....	91,241	102,556	Vegetables.....	103,038	161,825
Glass and glassware.....	10,293	17,179	Wood and manufactures of.....	37,665	32,979
Matches.....	47,317	68,088	All other articles.....	191,048	482,941
Meat and dairy products.....	161,032	232,230			
Metals and manufactures of.....	22,303	18,394	Total.....	4,784,292	4,771,084
Motion pictures.....	63,942	29,161			

There was a large decrease in shipments of rice to the Philippines, but this was overcome to some extent by exports of other food products. The increase in shipments of meat and eggs follows the development of trade in such lines with Hongkong and China after the exports of such products were somewhat restricted by Australia. There was a large increase in the exports of raw silk for use in the native cloth-weaving industries. This increase marks a revival in the native pina and jusi cloth manufacture, the silk being imported for mixture with the native fibers in the manufacture of these fabrics. The increased shipments of meat marks the success of the enterprise started last year of preparing and freezing a stated quantity of beef, mutton, and pork in Hongkong per month for shipment to the Philippines in specially prepared steamers. The increase in the shipment of miscellaneous goods includes medicines and drugs, glass and glassware, matches, paper, spices, wax, and various minor food products.

Exports to Hawaii.

Exports to Hawaii usually depend upon the volume of food products sent to the islands for the use of Chinese residents there. The total exports to Hawaii in 1916 were valued at \$315,574, as compared with \$306,043 in 1915. There were decreased shipments of rice, meat, and dairy products, peanut oil, and wines and spirits. The chief items showing increases are chemicals, explosives, manufactures of silk, vegetables, and miscellaneous articles, including Chinese condiments and various Chinese supplies. The summary by principal items follows:

Articles	1915	1916	Articles.	1915	1916
Breadstuffs. Rice.....	\$17,181	\$1,444	Seeds.....	\$3,233	\$3,964
Chemicals.....	11,280	15,596	Silk and manufactures of.....	3,849	13,521
Cotton and manufactures of..	3,016	2,936	Spirits, wines.....	45,435	37,037
Earthen and china ware.....	5,391	4,936	Straw and manufactures of...	4,825	4,318
Edible substances.....	4,391	3,680	Sugar.....	2,757	2,750
Eggs.....	9,388	9,748	Tea.....	22,493	24,319
Explosives: Fireworks.....	5,783	11,296	Tobacco.....	6,428	7,646
Fish.....	40,839	41,536	Vegetables.....	24,959	30,383
Fruits and nuts.....	25,112	28,902	Wood and manufactures of...	5,273	5,430
Meat and dairy products.....	28,240	21,618	All other articles.....	12,136	24,596
Metal.....	1,134	1,043			
Oil. Peanut.....	13,786	10,903	Total.....	306,043	315,574
Paper.....	4,111	5,172			

Effect of Freight Rates on Trade.

Trade with the United States and with the rest of the world has been a matter of freights. In a general way freights out from Europe have been lower in comparison with those from the United States, for vessels moving this way from Europe have been coming light as compared with the same tonnage moving from the Orient to Europe. The result has been a considerable differential in favor of European as against American goods, and in several commodities where there was actual competition the advantage has been great enough to affect the course of business. In imports of plate glass, for example, American prices plus freights have been greater than British prices. The general shortage of tonnage most of the time, however, has been a more serious obstacle to trade than competition. At times there has been a lightening of the traffic from the Far East to the United States, but no appreciable lightening coming this way. Freights have been so high that many lines of normal trade out of the United States to this field have been stopped. This has been the case particularly with lumber and explains to a large degree the falling off in the trade in flour and kerosene.

During the past year there have been considerable additions to the freight tonnage across the Pacific. Two steamers of the reorganized Pacific Mail Steamship Co., the American line which has maintained a trans-Pacific service for many years, have been put into service, while the three subsidized Japanese lines have put on additional steamers and have increased the average size of the steamers in service and at the same time have increased the number of steamers.

CANTON.

By Consul General P. S. Heintzleman, February 12.

The course of trade in the Canton consular district during 1916 followed much the same lines as during the previous year. The year

1915 was one of readjustment of markets to meet the changed conditions brought about by the European war. By the beginning of 1916 these readjustments had for the most part been made and merchants were ready to go ahead under the changed conditions and take advantage of whatever opportunities offered. However, the lack of sufficient tonnage and the consequent high rates of freight, which have acted as the principal handicaps to trade since the beginning of the war, continued through 1916. Coupled with this was the fact that throughout practically the whole of the year exchange was abnormally high.

Effect of Unsettled Political Conditions.

The unsettled political conditions also affected trade. There were at least two periods—one in the spring and the other in summer, each of several weeks' duration—when the local merchants were unable to do any business. The Chinese passenger and cargo boats, which in normal times ply up and down the innumerable streams and rivers in the Canton delta, were forced by fear of piracy to cease running for weeks, and in some instances, even for months. Thus the chief means of communication and trade were interrupted. Goods could not be transported, and the large Chinese dealers in Canton and the other centers were doing practically no business. Silk, which is the principal article of export from Canton, could not be brought to the city owing to lack of communication between Canton and the filature districts some few hours distant. Moreover, these filature districts, which ordinarily raise little or no rice owing to the fact that the arable ground is given over chiefly to the cultivation of the mulberry tree, were threatened with famine because of the interruption in the shipment of rice thereto.

Decreased Imports of Foreign Goods.

From the incomplete statistics available at this time imports of foreign goods into Canton and the other treaty ports in the district for 1916 will show a considerable falling off as compared with 1915. The total revenue collected by the Canton Maritime Customs during the year amounted to \$1,360,307, as compared with \$1,468,117 during 1915, or a decrease of \$107,810. These figures, which are the only ones now available, will serve to show the trend of trade for the year.

However, the decline in the foreign trade can not be taken as indicative of the state of trade generally in the district, as in the event of internal disturbances the domestic trade is much more severely affected and suffers to a greater extent than the foreign trade. The volume of South China trade has declined steadily since 1913, owing to causes primarily connected with the European war and the internal political unrest. That trade has not suffered more than it has and that it revives immediately when given even a brief respite from the political disorders which have prevailed serves to show not only the great wealth and resources of the Province but also the patience and recuperative power of the Cantonese.

To Develop Mineral Resources.

No governmental aid was given to agriculture, commerce, or industry during 1916. The former Military Governor of Kwangtung Province has been appointed Director of Mining Affairs in the two Provinces of Kwangtung and Kwangsi, and instructed to find means

for the development of the mineral wealth of these two Provinces, which is known to be considerable. The newly appointed mining director left Canton in September, 1916, and has made his headquarters at Kiungchow, in the island of Hainan, the mineral resources of which are believed to be considerable, but so far little or nothing has been done to develop them. The chief development in mining during 1916 was in the mining, smelting, and refining of antimony ore, which is produced in many districts in the Provinces of Kwangtung, Kwangsi, and Yunnan. Owing to the demand for this article caused by the war in Europe, a great stimulus has been given to its mining and export, and dealers and miners have realized large profits. There are at present several antimony smelters established in Canton and Hongkong for the refining of the ore. It is stated that steps are being taken to encourage the establishment of smelting works in Kwangsi Province, and that the Chinese are opposed to the trade in antimony being handled by foreign firms.

From statistics at hand it is believed that the export of tin from the mines at Kochiu, Yunnan, will show a considerable falling off as compared with 1915.

Railway Construction in the Consular District.

Very little progress has been made on any of the various railway projects that have been outlined for the four Provinces in this consular district. Toward the end of 1916 the Siems-Carey Co., allied with the American International Corporation, entered into a contract with the Chinese Government for the construction, among others, of a railway in this district—the Chuchow-Chinchow Line—which is to connect southern Hunan with the eastern seaboard of Kwangtung. The line is about 700 miles in length, and a surveying party, composed of several American and Chinese engineers, is already at work in Kwangsi Province. As much of the line will traverse a rough and in places mountainous region, both the surveying and engineering work is expected to be attended with difficulty.

The Kwangtung section of the Canton-Hankow line is slowly extending northward, but construction work has been retarded owing to the disturbed conditions in the interior and the straitening of the company's finances. No extension of the Canton-Kowloon Railway was undertaken during last year. The proposed connection with the Yueh-Han Railway by a line running to the northward of Canton City is still under negotiation.

The Sunning Railway ordered two locomotives from America in November, 1916. All the rolling stock and other materials on this line are of American origin.

Increased Exports to United States—Silk Trade.

The total value of the articles invoiced at the American consulate general at Canton for the United States increased from \$7,978,730 in 1915 to \$9,192,748 in 1916.

Raw silk, which is the principal article of export from Canton to the United States, showed an increase in value of \$731,000 over 1915. This increase was entirely due to the high rate of exchange and to the high prices prevailing throughout the year. In fact, the quantity exported decreased by 744,000 pounds. The export to Europe, on the other hand, increased from 13,500 bales in 1915 to 26,600 bales in 1916.

(a bale is 112 pounds). The Canton silk crops for the year 1916 were unusually large, totaling approximately 48,000 bales, as compared with 35,000 bales for 1915.

At the beginning of 1916 there was an active demand for silk both from Europe and America, and the stocks on hand were considerably reduced. Prices were advanced from time to time, and by the beginning of February the market was practically cleared of stocks, while the remainder of cocoons to be reeled between then and the new season beginning May 1 was very small. At the beginning of March the market was steady, but prices fell off toward the end of the month on news of threatened strikes in the United States. These strikes, however, having been averted, business with the United States soon became active.

Difficulties of the Silk Trade.

About the middle of April commerce was brought to a standstill owing to political troubles. The silk market suffered materially and at the beginning of the new season in May there was scarcely any old silk left, and new silk was not to be obtained from the filature districts owing to the suspension of communications. Shipments of raw silk during April were small. Practically the entire first crop was contracted for before it could be delivered. An announcement, which was made in Hongkong, to the effect that the export of raw and waste silk to places other than the United Kingdom would be prohibited, brought about a sharp drop in the Canton market. However, at the end of May this prohibition was satisfactorily removed and a fair amount of business was transacted. At about the beginning of July disturbances, which became prevalent throughout the interior districts, prevented the forwarding of silk from the filatures to Canton. Silk dealers in Canton also experienced difficulty in forwarding money to the filatures in order to finance the fourth crop. This condition continued until the end of August or the beginning of September, when local conditions became more nearly normal and a fair demand both from Europe and America set in. During November there was considerable business, notwithstanding the high rate of exchange. A lull in the market was experienced during December owing to the approach of the holiday season.

The exports of waste silk to America, which usually follows the course of trade in raw silk, declined by some 600 bales, while the amount exported to Europe increased by about 5,500 bales.

High Prices for Matting and Rugs—Firecrackers.

The exports of matting and mats and rugs to the United States increased by about 1,250,000 square yards over the previous year. Local prices ruling throughout the year were high owing to the shortage of the straw crop, and also to the lack of dyes. The quality of the straw did not improve during the year, farmers having found it more profitable to grow rice than straw. Japanese mattings have cut into the trade in the China product to a considerable extent, as Japan is able to produce a cheaper article.

The exports of firecrackers to the United States slightly exceeded those of 1915. As prices have increased considerably on account of the cost of saltpeter the values of the exports show a decided increase. The saltpeter supply from India having been practically cut off

manufacturers are now looking to the Province of Kwangsi and Manchuria to supply this deficiency.

Several new items appear in last year's list of articles exported to the United States, among which were dyes. These were of German origin held in stock here and reexported to America owing to the great deficiency there. Galangal, which is a kind of mild ginger used in the making of curries and other dishes, and also medicine, was exported for the first time. Tobacco leaf was also exported direct to America for the first time in a number of years.

Articles Invoiced for the United States.

The following were the articles, with their quantity and value, invoiced at the American consulate general at Canton for the United States during the past two years:

Articles.	1915		1916	
	Quantity.	Value.	Quantity.	Value.
Bristles.....pounds..	13,333	\$1,801	17,332	\$6,372
China ware.....cases..	1,761	20,756	1,089	15,362
Dyes.....pounds..			2,063	13,577
Explosives, firecrackers.....do..	1,649,860	178,793	2,954,199	292,779
Fans, palm-leaf.....do.en	408,036	36,665	384,221	50,645
Feathers.....pounds..	5,872	1,845	11,440	8,471
Hair, human.....do..	27,048	8,413	7,399	6,515
Joss sticks.....cases..	5,825	12,647	5,759	16,876
Matting.....yards..	3,816,539	226,305	4,946,502	375,207
Mats or rugs.....square yards..	35,982	3,651	264,240	32,231
Silk, and manufactures of:				
Raw.....cases..	2,762,076	6,366,209	2,017,609	7,097,811
Waste.....do..	1,934,063	820,386	1,889,608	966,956
Cocoons, pierced.....do..			67,666	18,162
Embroideries, old and new.....do..		44,692	52	20,432
Spices:				
Cassia—				
Buds.....pounds..	40,000	1,930	59,998	3,810
Licnea.....do..	443,622	11,035	389,991	13,989
Saigon promi.....do..			13,333	4,527
Selected and broken.....do..	2,566,325	69,312	1,746,645	79,509
Tobacco, leaf.....do..			163,120	23,382
Wood, and manufactures of:				
Bamboo, split.....bales..	11,410	11,591	8,410	21,871
Blackwood ware.....cases..	1,865	14,730	918	11,880
China reeds.....bales..	11,235	117,405	4,601	71,181
All other articles.....do..		30,503		34,192
Total.....		7,978,730		9,192,745

Silks, canes, and other articles declared for export to the Philippines during 1916 were valued at \$8,849, as compared with \$31,372 for 1915. Matting was the only item declared for export to Hawaii during the past two years and was valued at \$172 in 1915 and at \$296 in 1916.

